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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO ELECTIONS -- REPORTING OF POLITICAL CONTRIBUTIONS BY
STATE VENDORS

Introduced By: Senators Lombardi, Lynch Prata, McCaffrey, Lombardo, and Jabour

Date Introduced: January 18, 2017

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 17-27 of the General Laws entitled "Reporting of Political
2 Contributions by State Vendors" is hereby amended by adding thereto the following section:

3 **17-27-6. Restriction of state vendors' political contributions.**

4 (a) Any state vendor who annually contracts with state agencies, in the aggregate, for
5 more than five thousand dollars (\$5,000), and any affiliated entities of such state vendor, are
6 prohibited from making any contributions to any political committees established to promote the
7 candidacy of:

8 (1) The officeholder responsible for awarding the contracts; or

9 (2) Any other declared candidate for that office. This prohibition shall be effective for the
10 duration of the term of office of the incumbent officeholder awarding the contracts, or for a
11 period of two (2) years following the expiration or termination of the contracts, whichever is
12 longer.

13 (b) Any state vendor whose aggregate pending bids and proposals for contract with state
14 agencies total more than five thousand dollars (\$5,000), or whose aggregate pending bids and
15 proposals for contracts with state agencies, combined with the state vendor's aggregate annual
16 total value of state contracts exceed twenty-five thousand dollars (\$25,000), and any affiliated
17 entities of such state vendor, are prohibited from making any contributions to any political
18 committee established to promote the candidacy of the officeholder responsible for awarding the

1 contract on which the business entity has submitted a bid or proposal during the period beginning
2 on the date the invitation for bids or request for proposals is issued and ending on the day after
3 the date the contract is awarded.

4 (c) All contracts between state agencies and a state vendor that violate subsection (a) or
5 (b) of this section shall be voidable by the state agency. If a state vendor violates subsection (a) of
6 this section three (3) or more times within a thirty-six (36) month period, then all contracts
7 between state agencies and that state vendor shall be void, and that state vendor shall not bid or
8 respond to any invitation to bid or request for proposals from any state agency or otherwise enter
9 into any contract with any state agency for a period of three (3) years from the date of the last
10 violation. A notice of each violation and the penalty imposed shall be published on the website of
11 the board of elections.

12 (d) Any political committee that has received a contribution in violation of subsection (a)
13 or (b) of this section shall pay an amount equal to the value of the contribution to the state no
14 more than thirty (30) days after receipt of notice of violation from the board of elections.
15 Payments received by the board of elections pursuant to this subsection shall be deposited into the
16 general revenue fund.

17 **17-27-7. Severability.**

18 If the provisions of this act or its application to any person or circumstance are held
19 invalid, the invalidity of that provision or application shall not affect the other provisions or
20 applications of this act that can be given effect without the invalid provision or application.

21 SECTION 2. Section 17-27-1 of the General Laws in Chapter 17-27 entitled "Reporting
22 of Political Contributions by State Vendors" is hereby amended to read as follows:

23 **17-27-1. Definitions.**

24 As used in this chapter:

25 (1) "Aggregate amount" means the total of all contributions made to a particular general
26 officer, candidate for general office, or political party within the time period set forth;

27 (2) "Business entity" means a sole proprietorship, partnership, firm, corporation, holding
28 company, joint stock company, receivership, trust, or any other entity recognized in law through
29 which business for profit is conducted;

30 (3) "Contribution" means a transfer of money, paid personal services, or other thing of
31 value reportable under the terms of chapter 25 of this title;

32 (4) "Executive officer" means any person who is appointed or elected as an officer of a
33 business entity by either the incorporators, stockholders, or directors of the business entity who is
34 in charge of a principal business unit, division, or function of the business entity, or participates

1 or has authority to participate other than in the capacity of a director in major policymaking
2 functions of the business entity or who is actively engaged in soliciting business from the state or
3 conducting, other than in a ministerial capacity, business with the state; ~~provided, that officers of~~
4 ~~the business entity who are located outside the state, are not residents of the state, and do not~~
5 ~~participate in the business of the business entity within this state shall be exempted from the~~
6 ~~requirements of this chapter;~~

7 (5) "Goods or services" ~~shall not include services provided to a state agency by:~~ means
8 and includes, but is not limited to, cost reimbursement contracts or contingency fee contracts;

9 (i) ~~Any public utility company; or~~

10 (ii) ~~A federal or state banking institution or other depository institution solely in~~
11 ~~connection with depository accounts held by the institution on behalf of a state agency;~~

12 (6) "State agency" means a branch, department, division, agency, commission, board,
13 office, bureau, or authority of the government of the state of Rhode Island;

14 (7) (i) "State vendor" means:

15 (A) A person or business entity that sells goods or provides services to any state agency,

16 (B) A person or business entity which has an ownership interest of ten (10%) percent or
17 more in a business entity that sells goods or provides services to any state agency, or

18 (C) A person who is an executive officer of a business entity that sells goods or provides
19 services to any state agency,

20 (D) The spouse or minor child of a person qualifying as a state vendor under the terms of
21 subparagraphs (A), (B) or (C) of this paragraph, ~~unless the spouse works for a vendor in~~
22 ~~competition for state business with the reporting business entity,~~ or

23 (E) A business of the business entity that is a parent or subsidiary of a business entity
24 that sells goods or provides services to any state agency; or

25 (F) A person or business entity that bids to sell goods or provide services to any state
26 agency.

27 (ii) "State vendor" does not mean:

28 (A) A municipality,

29 (B) ~~A corporation established pursuant to Section 501(c)(3) of the Internal Revenue~~
30 ~~Code, 26 U.S.C. § 501(c)(3);~~

31 (C) ~~A hospital;~~

32 (D) A state or federal agency, or

33 (E) ~~A person receiving reimbursement for an approved state expense. The director of~~
34 ~~administration is authorized to provide as a public record a list of further exemptions consistent~~

1 ~~with the purposes of this chapter.~~

2 (8) "Officeholder" means the governor, lieutenant governor, attorney general, secretary of
3 state, general treasurer, and members of the joint committee on legislative services or candidate
4 for the aforementioned offices. The governor shall be considered the officeholder responsible for
5 awarding all contracts by all officers and employees of the state, and vendors and others doing
6 business with, executive branch state agencies not within the jurisdiction of lieutenant governor,
7 the attorney general, the secretary of state, the general treasurer or members of the joint
8 committee on legislative services.

9 (9) "Affiliated entity" means:

10 (i) Any subsidiary of the bidding or contracting business entity;

11 (ii) Any member of the same unitary business group as the bidding or contracting
12 business entity;

13 (iii) Any organization recognized by the United States Internal Revenue Service as a tax-
14 exempt organization described in section 501(c) of the Internal Revenue Code of 1986 26 U.S.C.
15 §501(c) (or any successor provision of federal tax law) established by the bidding or contracting
16 business entity; or

17 (iv) Any political committee established for the bidding or contracting business entity.

18 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO ELECTIONS -- REPORTING OF POLITICAL CONTRIBUTIONS BY
STATE VENDORS

1 This act would restrict some political contributions by state vendors and would prohibit
2 state vendors from making political contributions to candidates for the office responsible for
3 awarding those state vendor contracts.

4 This act would take effect upon passage.

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